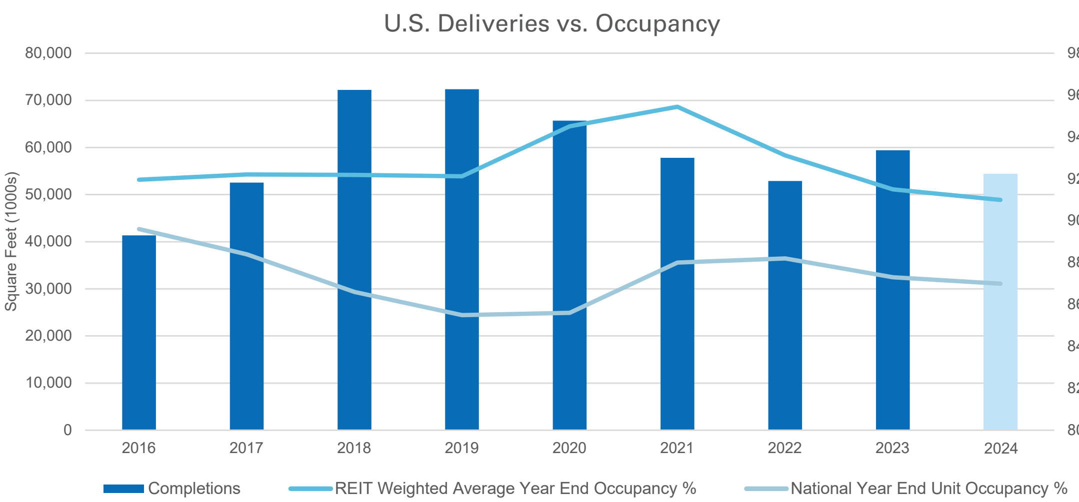
SELF STORAGE MARKET OVERVIEW

Q1 2024

Through 1Q2024, the self storage sector has performed in-line with expectations with street rates improving on a quarter-over-quarter basis and strong levels of occupancy. Nationally, net rent per occupied square foot has stabilized, as sophisticated revenue management systems have limited the impact of lower street rates, which are expected to begin reaccelerating during the second quarter leasing season. Housing transition related demand remains muted, as high mortgage rates and home prices have pushed affordability levels to the lowest in a decade, but the new homes sales data provides a glimpse of reprieve, as homebuilders are able to offer buyer-incentives to reduce the overall cost to purchase a home. Renter demand has been strong, as seen in the outperformance of dense, urban, markets that have a strong renter population. The average self storage consumer remains healthy with strong employment data, wage growth, and population growth, which bodes well for continued revenue growth amongst existing tenant bases.

SUPPLY & DEMAND

National self storage occupancy has begun to stabilize at slightly higher levels relative to pre-pandemic averages with the quarter-end Q1 2024 REIT weighted average occupancy of 92.0% coming in 50-bps higher than the Q1 ending average from 2017-2020. Despite robust rental demand and higher occupancy levels, Same-Store revenue growth in Q1 2024 was flat year-over-year due to increased discounts on street rates for new customers in the past 12-24 months, while revenue management systems have minimized any net impact. New supply remains a tailwind, as capital markets and rental rate constraints will keep new deliveries at manageable levels for the majority of self storage markets through 2026.



Q1 2024
YOY Change

REIT Occupancy
-0.30%

National Occupancy
-1.60%

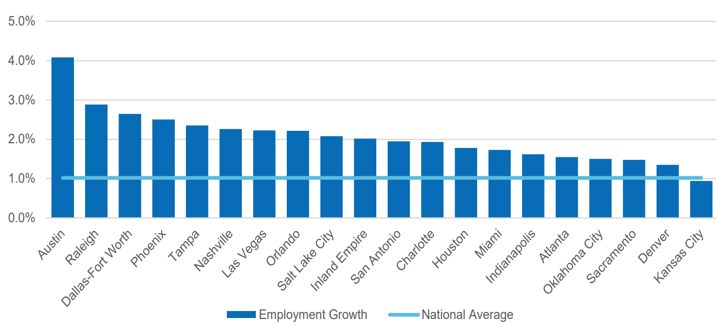
Completions
2023-2024 (Projected)
-8.42%

Source: Newmark Research, REIS, Yardi

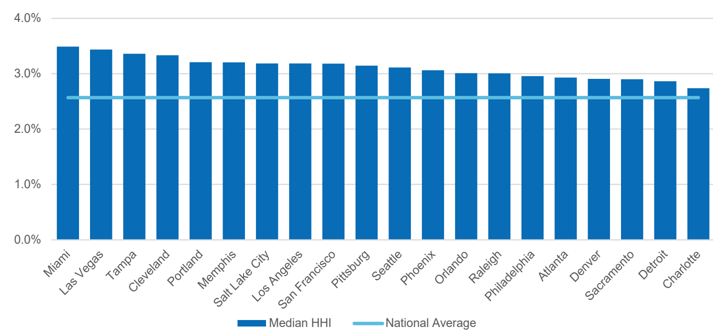
ECONOMIC TRENDS

Understanding the correlation between microeconomic trends and self storage fundamentals is crucial for both building a portfolio and making investment decisions. The following graphs highlight the top 20 markets for consistent growth in three categories: employment, household income and population. Many of the markets that have outperformed over the last 5-years have been in the Sunbelt region, particularly in Florida, Texas, and Arizona, as the pandemic fueled a wave of migration towards these markets from the West and Northeast regions. On a year-over-year basis, Los Angeles experienced the largest increase in population, which is indicative of a reversion to more historical migration patterns, but was closely followed by the continued strong growth in the markets within the Sunbelt.

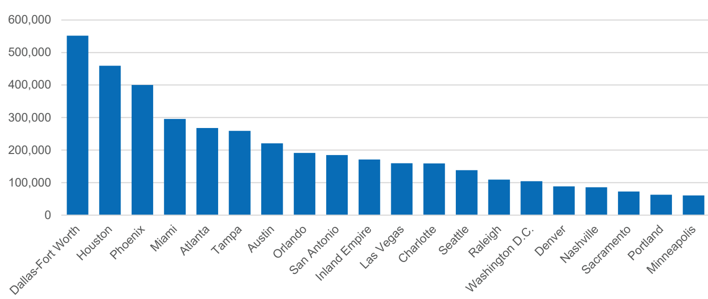
Employment Growth by Market (5-Year CAGR)



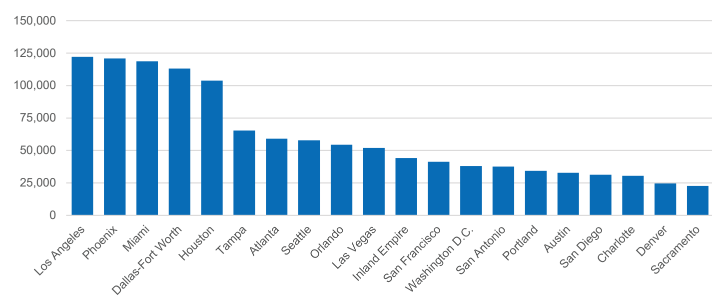
Median Household Income Growth (5-Year CAGR)



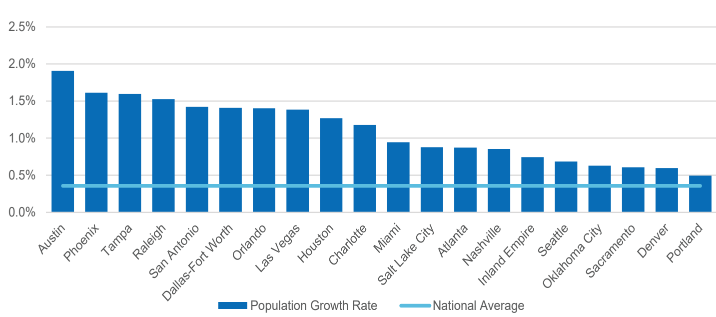
Population Growth (Trailing 5-Year Total)



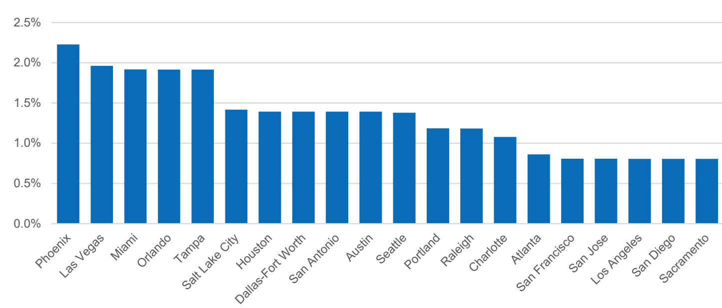
Population Growth (Q1 2024 YOY)



Population Growth Rate (Trailing 5-Year CAGR)



Population Compound Annual Growth Rate to 2030

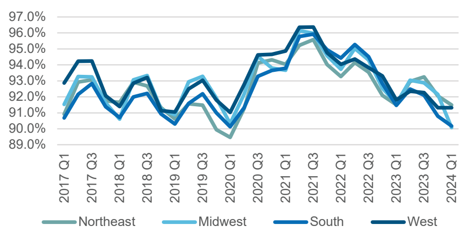


Source: Newmark, Moody's Analytics, ESRI

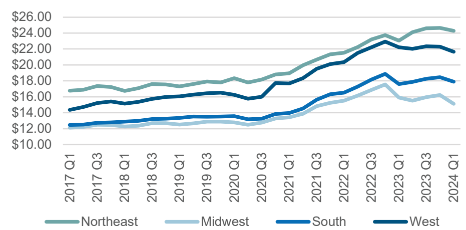
SELF STORAGE REIT DATA

REITs have been largely focused on maximizing top-line revenue growth, with the expectation that they will be able to effectively manage the growth levers at their disposal. Based on REIT commentary, street rates have seemingly bottomed in Q1 2024 with sequential growth through April and expectations for this trend to continue through leasing season. Rental demand is expected to remain stable, supported by a healthy, well-employed customer base and effective revenue management strategies that will continue to deliver positive year-over-year revenue growth. NOI margins remain under pressure from increasing expenses; including property taxes, property insurance and marketing spend.

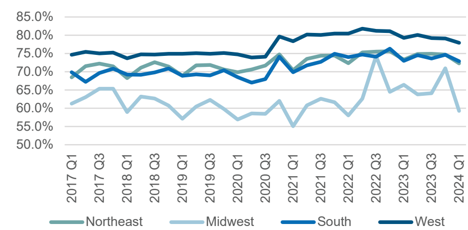
REIT Average Occupancy



REIT Rent per Occupied SF



REIT NOI Margin

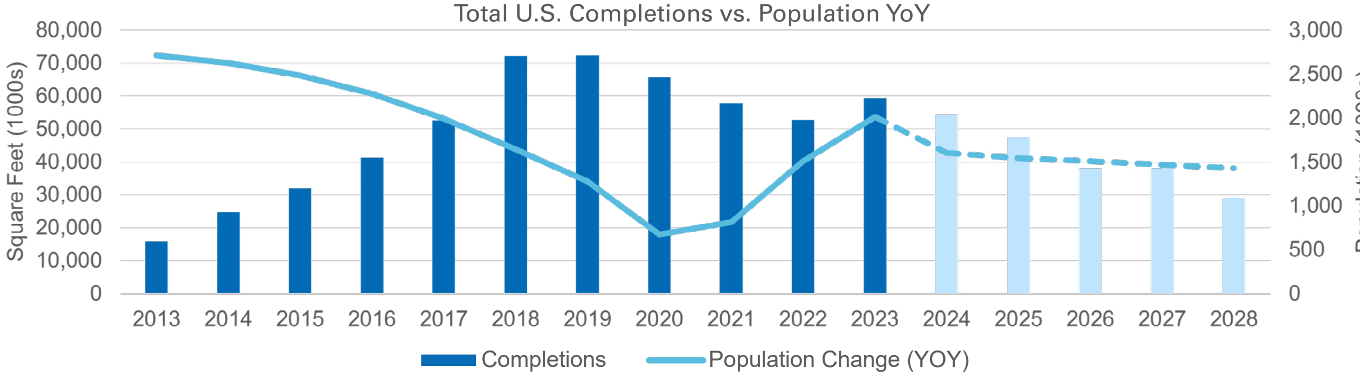


Source: Newmark, PSA, Cube, EXR, NSA Investor Relations

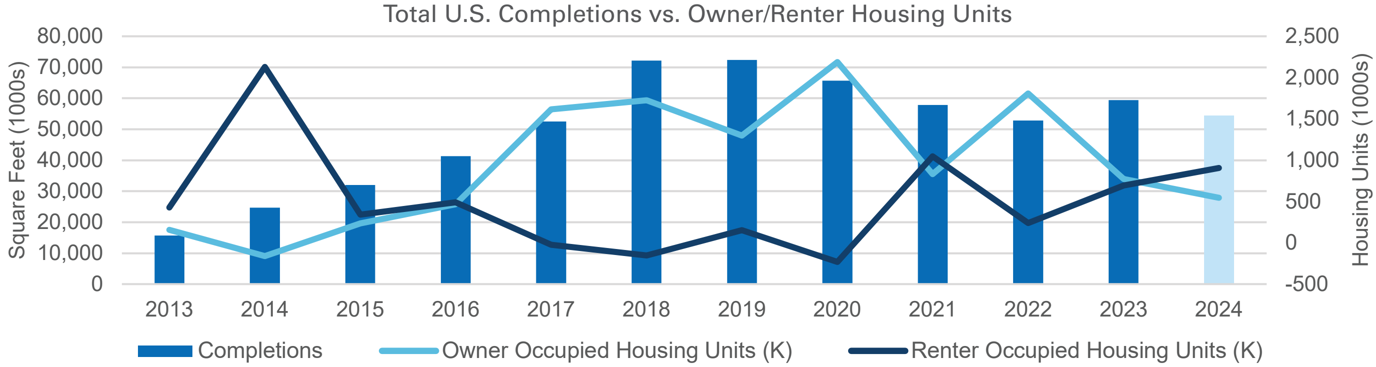
SELF STORAGE SUPPLY & POPULATION GROWTH

Over the next five years, new supply completions are expected to continuously decline on both a percentage of existing stock basis, as well as the total square feet expected to be delivered, as new developments face continued constraints; including lower move-in rental rates, more stringent lender requirements, higher interest rates, and lengthy entitlement processes. Most REITs report that less than 30% of their portfolios will be affected by new supply with that percentage continuing to decline through 2026, and even fewer expect a material impact on any particular store. The graph below illustrates the change in homeownership rates relative to renters, highlighting a drastic drop in home ownership, as housing prices and interest rates have risen sharply since the pandemic.

Total U.S. Completions vs. Population YoY



Total U.S. Completions vs. Owner/Renter Housing Units



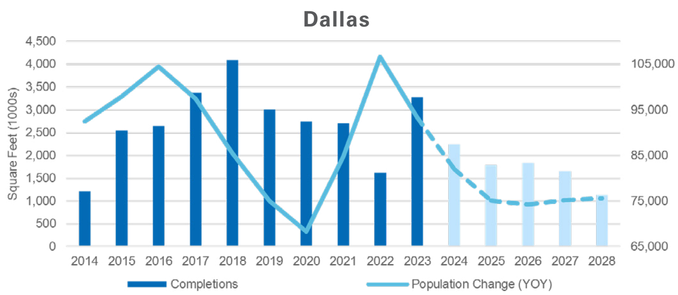
Source: Newmark, Green Street, Moody's Analytics, Yardi

TOP MARKETS FOR NEW SUPPLY & POPULATION GROWTH

These graphs compare historical and future projected self storage deliveries to population growth. On the left, the top five markets are ranked in order of the highest total square feet of new supply delivered, and by highest projected population growth on the right. The correlation between population growth and new supply is evident in that many of the top markets for population growth are also the top markets for new supply. As these markets exhibit robust macroeconomic trends such as strong net-migration and growth in both employment and household income, they are expected to absorb new supply and continue to be attractive markets.

RANKED BY NEW SUPPLY

1



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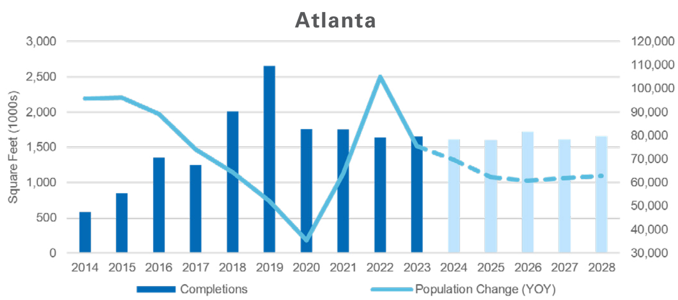

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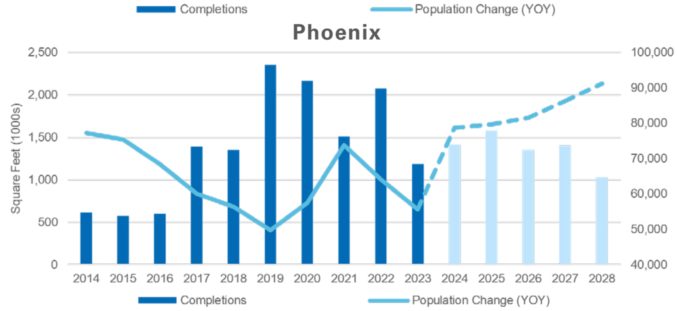

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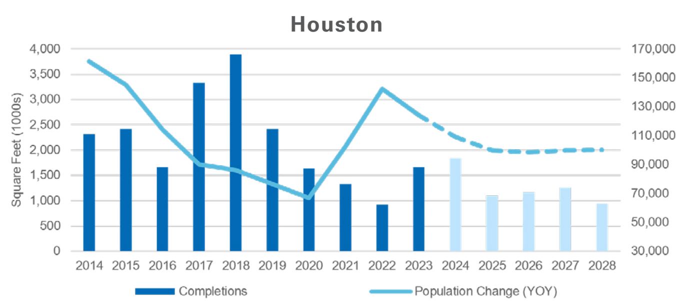

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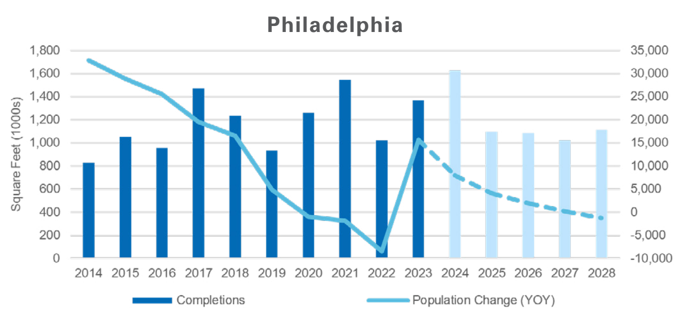
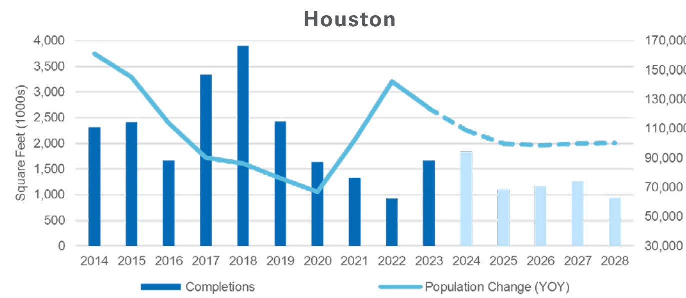
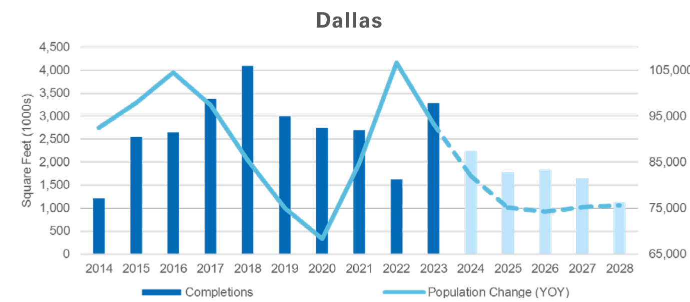
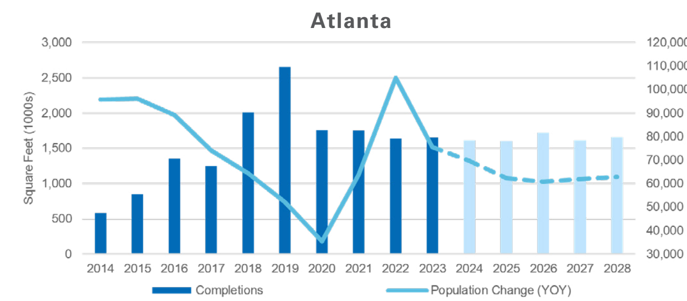
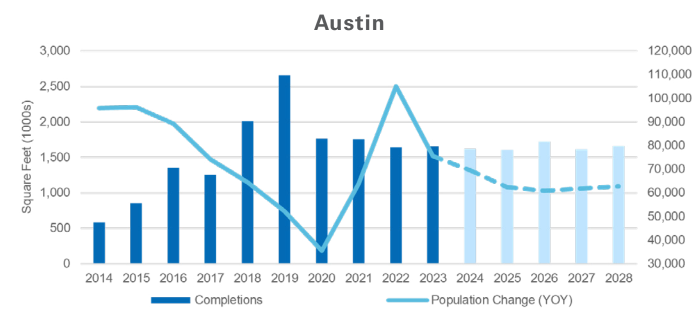


RANKED BY POPULATION GROWTH





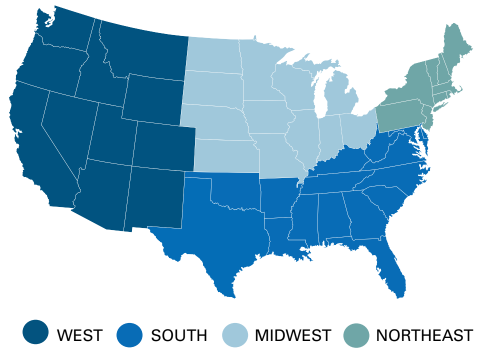




Source: Newmark, REIS, Yardi

HOUSING & SELF STORAGE TRENDS BY REGION

The self storage sector continues to benefit from increasing utilization rates, as well as smarter revenue management systems that have supported positive revenue growth despite declining street rates. In most markets, housing and mobility are key drivers of demand. Every region in the US saw an increase in new houses sold, as the homebuilders can offer buyer-incentives that help reduce the impact of higher mortgage rates, stubbornly high home prices, and the lack of available existing home inventory. Net revenue per occupied square foot grew significantly across the country throughout the pandemic. Although, most regions have seen their growth moderate from a 4Q 2022 peak. The Northeast stands out with particularly strong growth, as the rate of regional outmigration slows.



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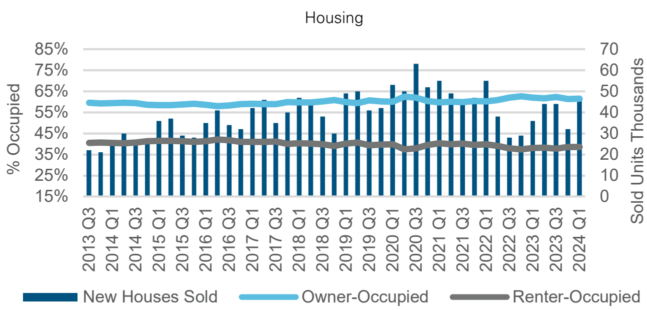
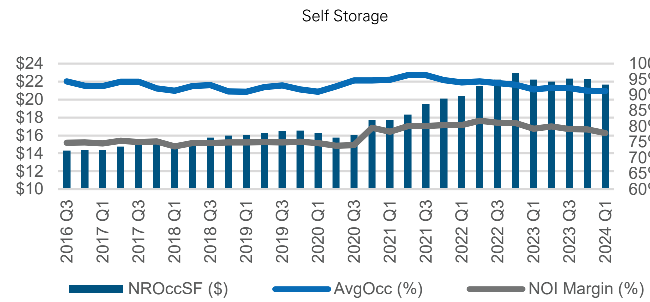
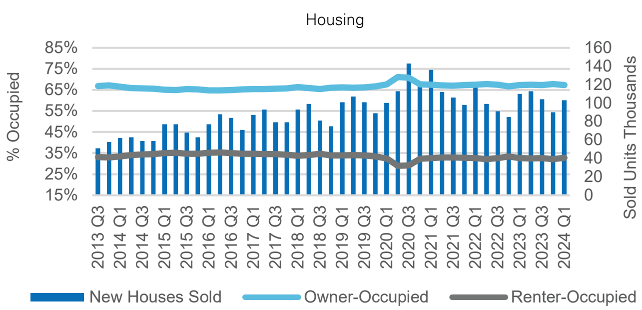
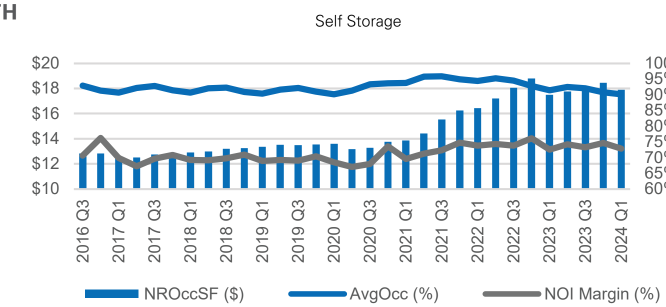


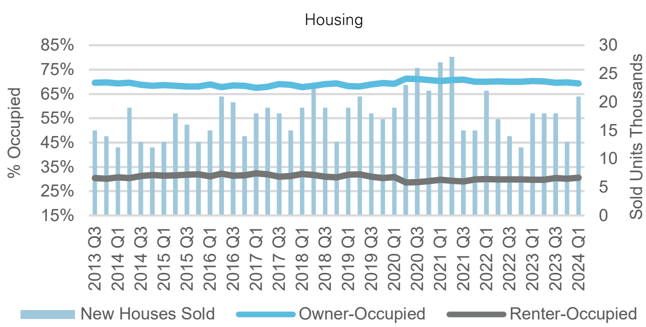


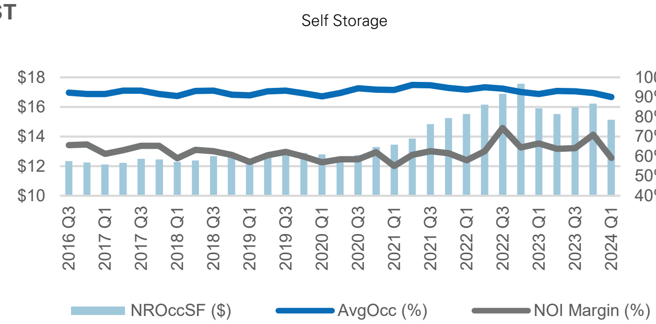
SOUTH



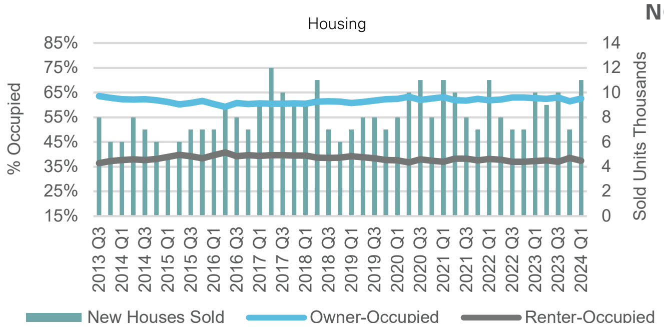


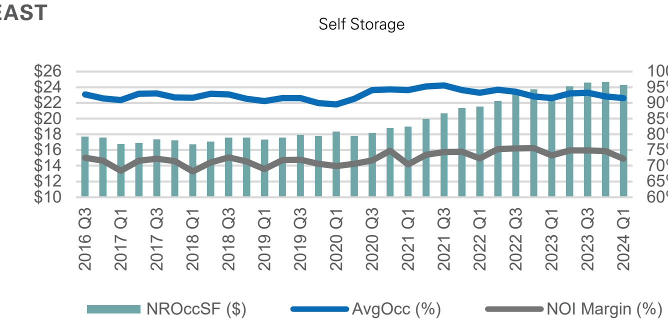
MIDWEST





NORTHEAST

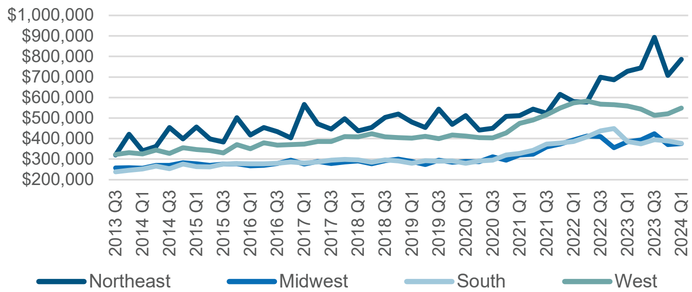




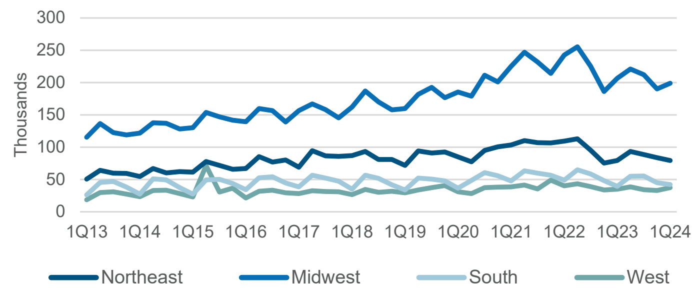
Source: Newmark, FRED, PSA, Cube, EXR, NSA Investor Relations

HOUSING FUNDAMENTALS BY REGION

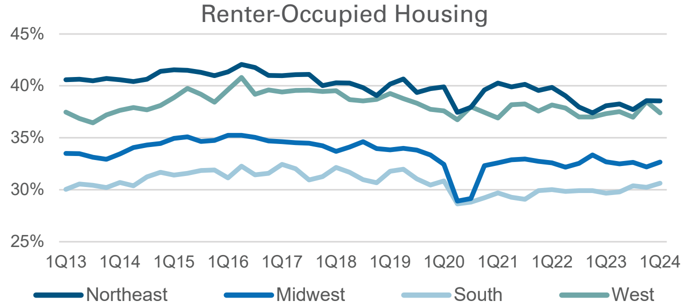
Median Home Sales Price



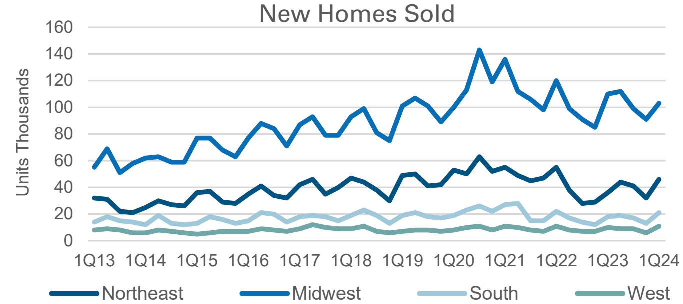
Permits Issued



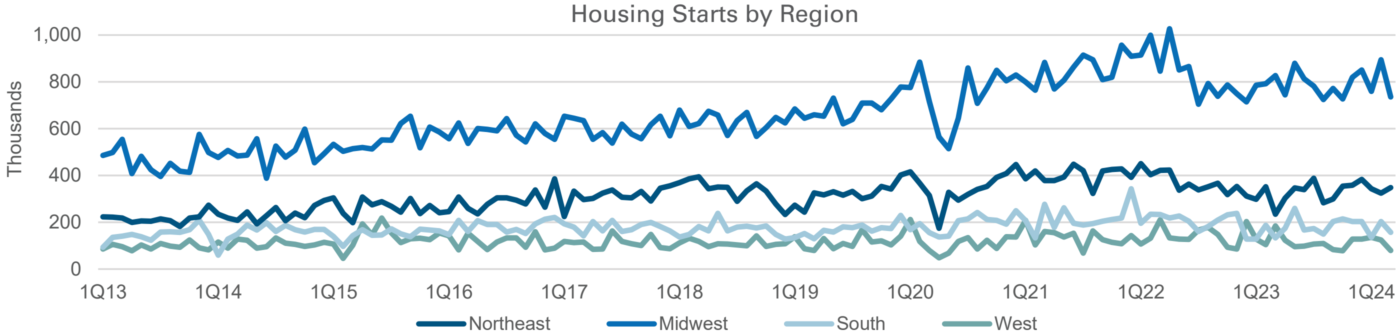
Renter-Occupied Housing



New Homes Sold



Housing Starts by Region

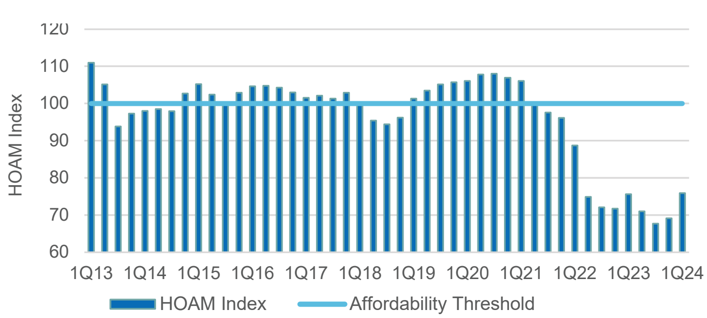


Source: Newmark, FRED, Moody's Analytics, US Census

NATIONAL HOUSING TRENDS

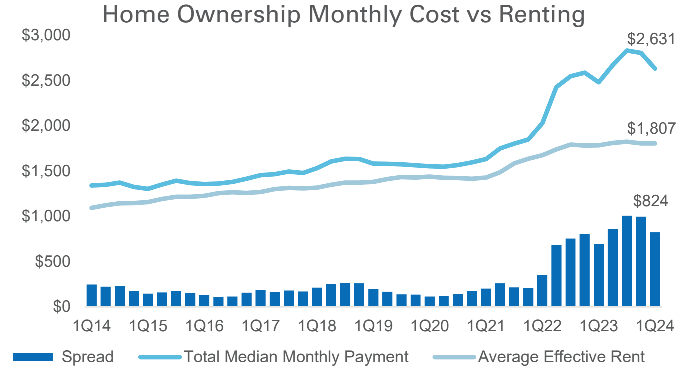
The charts below illustrate the downturn in the housing market and the lack of affordability for homeownership, which seems to have troughed in 3Q 2023 as new home sales have seen a rebound in affordability. Low levels of inventory, high interest rates, and continuously rising home prices have shifted the demand for self storage and bifurcated each market by performance. Self storage markets that are more reliant on housing transitions have underperformed, relative to urban markets that serve more consistent renter demand.

National Home Ownership Affordability Monitor



Source: Newmark Research, Atlanta Federal Reserve

Home Ownership Monthly Cost vs Renting



Source: Newmark Research, Atlanta Federal Reserve, RealPage

TOP MARKETS PER 10x10 RATES

Phoenix and Las Vegas remain the top markets for compounded annual rental growth rates since 2015, which is expected to continue given their strong underlying demographic trends, with Phoenix and Las Vegas having the top two estimated population CAGR's through 2028. New York and San Francisco have held the top two spots in these units for the last eight years, with San Francisco leading both since Q4 2023. The accompanying charts illustrate climate and non-climate controlled 10x10 rental rate trends since 2015, and rank the top five markets in three categories: highest rental rates, highest compound annual growth rate and rate volatility.

HIGHEST RENTAL RATES Q1 2024

	Climate Controlled	Q1 '24	QoQ*
1	San Francisco	$301.66	-6.38%
2	New York Metro	$300.59	1.69%
3	Los Angeles	$270.77	2.07%
4	Miami	$224.16	-1.54%
5	San Diego	$215.57	-0.63%

	Non-Climate	Q1 '24	QoQ*
1	San Francisco	$294.94	0.56%
2	New York Metro	$266.63	0.14%
3	Los Angeles	$234.03	-0.49%
4	Miami	$220.50	0.70%
5	San Jose	$205.26	-0.79%

LOWEST RATE VOLATILITY 2015 - Q1 2024

	Climate Controlled	Low	High	Q1 '24
1	Kansas City	$121.35	$139.60	$134.10
2	Oklahoma City	$98.76	$129.58	$99.74
3	Detroit	$136.43	$165.23	$156.29
4	Salt Lake City	$120.95	$152.44	$151.98
5	New York Metro	$261.31	$312.71	$300.59

	Non-Climate	Low	High	Q1 '24
1	Oklahoma City	$79.38	$100.30	$79.38
2	Milwaukee	$93.98	$105.78	$99.41
3	Portland	$140.04	$169.52	$163.52
4	San Francisco	$234.47	$302.29	$294.94
5	Detroit	$116.14	$144.24	$135.26

HIGHEST COMPOUND ANNUAL GROWTH RATE

	Climate Controlled	Q1 '24
1	Las Vegas	3.54%
2	Minneapolis	3.00%
3	Providence	2.94%
4	Los Angeles	2.74%
5	Fresno	2.67%

	Non-Climate	Q1 '24
1	Phoenix	3.69%
2	San Bernardino/Riverside	3.46%
3	Miami	3.15%
4	Salt Lake City	3.02%
5	Providence	2.79%

HIGHEST RATE VOLATILITY 2015 - Q1 2024

	Climate Controlled	Low	High	Q1 '24
1	Houston	$114.37	$158.75	$147.47
2	St. Louis	$112.50	$137.18	$127.64
3	Atlanta	$132.28	$171.78	$156.15
4	Charlotte	$122.12	$152.70	$140.86
5	Buffalo	$132.31	$159.47	$144.15

	Non-Climate	Low	High	Q1 '24
1	Jacksonville	$102.78	$131.83	$120.81
2	Charlotte	$93.43	$121.91	$111.63
3	Buffalo	$104.32	$120.19	$114.80
4	Phoenix	$101.75	$149.60	$142.32
5	Denver	$120.42	$154.36	$144.56

Source: Newmark, REIS

*REIS updates historical data on an on-going basis. The quarter-over-quarter comparison on this page is based on their updated Q4 data compared to current Q1 data.

Investment Sales & Advisory Experience

62+ Years
Combined Experience

1,590+ Properties
Across 40 States

$16.5+ Billion
Completed Transactions

115.5+ Million
Square Feet Sold

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